



Department of Justice

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ECKERD CORPORATION SETTLES FALSE CLAIMS CASE

WASHINGTON, D.C. – Eckerd Corporation, a national retail pharmacy chain, has paid the United States \$5,866,751.70 to resolve claims that the company overcharged the government, the Justice Department announced today. The government's complaint alleged that Eckerd dispensed partial or "short" prescriptions due to insufficient stock, but billed Medicaid, the Federal Employee Health Benefits Program, TRICARE -- the military health care program -- for the full quantities prescribed for beneficiaries of the government health insurance programs.

Louis H. Mueller, a former pharmacist with the chain, filed a civil complaint against Eckerd on behalf of the United States under the *qui tam* or whistleblower provisions of the False Claims Act (FCA). The *qui tam* action was filed in the Middle District of Florida and is styled *United States and State of Florida, ex rel. Louis H. Mueller v. Eckerd Corporation*, Case No. 8:95-CV-2030-T-17EAJ. Under the *qui tam* provisions of the FCA, which allow a relator to share in the government's recovery, Mueller will receive \$880,012.76.

The civil *qui tam* action was investigated by the United States Department of Justice, the U.S. Attorney's Office for the Middle District of Florida, the Florida Attorney General's Office, the Federal Bureau of Investigation, the National Association of Medicaid Fraud Control Units, the Defense Criminal Investigative Service, the Drug Enforcement Administration, and the Office of the Inspector General for the Office of Personnel Management.

“This case demonstrates the United States' continuing commitment to protect the federal health care system from fraud,” said Robert D. McCallum, Jr., Assistant Attorney General in

charge of the Civil Division. “ The government will not tolerate health care providers who bill for services or products that were not provided to beneficiaries.”

In addition to the False Claims Act settlement with the United States, Eckerd Corporation entered into a Corporate Integrity Agreement that addresses the company's prescription billing procedures and other compliance-related issues with the Office of Inspector General of the Department of Health and Human Services. Eckerd has also agreed to pay \$3,133,248.30 to the following states to resolve civil state liability for Medicaid claims: Alabama, Delaware, Florida, Georgia, Kansas, Louisiana, Maryland, Mississippi, Missouri, New Jersey, New York, North Carolina, Oklahoma, Pennsylvania, South Carolina, Texas, Virginia, and West Virginia. The pharmacy chain resolved a related criminal investigation in July 2001 and paid a fine of \$1.7 million.

The civil *qui tam* action was prosecuted by Assistant United States Attorney Jay G. Trezevant, Department of Justice Civil Trial Attorney Allie Pang, and Mark Schlein, Director, Florida Medicaid Fraud Control Unit, Office of the Attorney General.

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